Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	CC Docket No. 92-24
Local Exchange Carrier Line Information Data Base	)	

DIRECT CASE OF THE NYNEX TELEPHONE COMPANIES

New York Telephone Company
and
New England Telephone and
Telegraph Company

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SUMMARY

In their Direct Cases the NTCs respond to the questions concerning their LIDB Access Service and CCSA interconnection transmittals raised by the Common Carrier Bureau in its December 30, 1991 Designation Order.

First, the NTCs demonstrate that they have adequately described their LIDB Access Service in the tariff. Virtually all of the information described by the Bureau in the Designation Order, such as call gapping procedures and the latest date of referenced technical publications, is already contained in the tariff. Furthermore, the NTCs have also addressed the issue of liability for fraud and erroneous validation data through a limitation of liability provision that is reasonable in scope, and absolutely necessary to provide LIDB Access Service to their customers at reasonable rates. Finally, the NTCs will amend their LIDB Access Service tariff to include information concerning the frequency, nature and priority of data base updates.

The NTCS have also demonstrated that their tariff for CCSA interconnection contains a level of detail concerning the technical parameters for the CCSA STP Link which is comparable to the technical description of 56 kbps Special Access lines found elsewhere in the NTCs' tariffs and, furthermore, that incorporation by reference of the technical publication

describing the technical parameters of the STP Link in the CCSA tariff provides a sufficient description of those parameters.

Finally, the NTCs have shown in this Direct Case, and in the other pleadings filed in connection with their LIDB Access Service and CCSA interconnection tariffs, that the rates for these services are not excessive. With respect to LIDB Access Service, the NTCs have provided (in addition to the information required by the Designation Order) the necessary cost data, information concerning the net revenue test and ratios of direct unit cost to unit investment and direct unit cost to unit price for both the LIDB Transport and LIDB Validation rate elements, as required by the Commission's rules. The NTCs have also noted that the proposed rates for LIDB Access Service are comparable to, or less than, the rates for credit card validation charged by other credit card and calling card issuers, and that LIDB Access Service rates cover the direct cost of providing the service. With respect to CCSA interconnection, the NTCs have demonstrated that the rates meet the requirements for restructured services contained in the Commission's rules.

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New York Telephone Company ("NYT") and New England Telephone and Telegraph Company ("NET") (collectively the "NYNEX Telephone Companies" or "NTCs") hereby file their Direct Case in response to the Commission's order in the above matter released March 20, 1992.

I. INTRODUCTION

On November 15, 1991 the NTCs filed Transmittal No. 60 to introduce Line Information Data Base ("LIDB") Access Service.[1] Petitions to reject or suspend the LIDB Access Service tariff were filed by MCI Telecommunications Corporation

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1 The NTCs filed Transmittal No. 61 amending their proposed LIDB Access Service tariff on November 22, 1991, and made further amendments to the LIDB Access Service tariff in Transmittal No. 67, filed December 11, 1991 and in Transmittal No. 72, filed December 31, 1991. The NTCs also filed a Petition for Waiver of Part 69 of the Commission's Rules on November 8, 1991 to establish new rate elements in connection with LIDB Access Service, and filed an Amended Petition on December 6, 1991.

("MCI") and US Sprint Communications Company Limited Partnership. The NTCs filed their Opposition to the petitions to reject or suspend on December 12, 1991.

On December 13, 1991 the NTCs filed Transmittal No. 70 to establish a rate structure for Common Channel Signaling Access ("CCSA") interconnection consistent with the Commission's Southwestern Bell Order.[2] MCI filed a Petition to suspend and investigate the proposed tariff revision, and the NTCs filed their Opposition to the Petition on December 30, 1991.

In their Amended Waiver Petition, the NTCs proposed two new switched access rate elements for LIDB Access Service. Those elements are LIDB Transport and LIDB Validation. With respect to CCSA interconnection, the NTCs proposed two elements in their Petition for Waiver, an STP Link[3] and STP Port.

On December 30, 1991, the Common Carrier Bureau ("Bureau") released an Order ("Order") granting the waivers requested by the NTCs, since the waiver petitions proposed to establish the rate structure approved in the Southwestern Bell Order.[4] The Bureau also suspended the LIDB Access Service

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2 In the Matter of Southwestern Bell Telephone Company's Petition for Waiver of Part 69 of the Commission's Rules, 6 FCC Rcd. 6095 (1991) ("Southwestern Bell Order"). The NTCs also filed a Petition for Waiver of Part 69 of the Commission's Rules on December 11, 1991 to establish new rate elements in connection with CCSA interconnection.

3 The STP Link contains three subelements, an STP Link Termination, STP Link Transport Fixed Charge and STP Link Transport Per-Mile Charge.

4 Order, ¶ 15.

and CCSA interconnection transmittals for one day, imposed an accounting order and initiated an investigation of the tariffs.[5] On March 20, 1992 the Bureau released its order designating the issues for investigation ("Designation Order"). Following are the NTCs' responses to the issues raised by the Bureau in the Designation Order.

II. THE NTCs HAVE ADEQUATELY DESCRIBED LIDB ACCESS SERVICE

The initial question posed by the Bureau in the Designation Order is:

> Have the LECs adequately described the LIDB query service in the tariffs?[6]

The Bureau cites the allegations of several petitioners that the tariffs lack sufficient detail, and should contain some or all of the following information:

a) LEC liability for erroneous information in the data base and liability for calling card fraud;

b) The frequency, nature and priority of data base updates; and

c) Additional technical information, including "call gapping" procedures, and the dates of the latest revisions to technical publications referenced in the tariff.[7]

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5 Order, ¶ 2.

6 Designation Order, ¶ 2(I).

7 Id.

(a) Liability for Erroneous Information and Calling Card Fraud

Two related questions raised by the Bureau are LEC liability for erroneous information in the data base, and liability for fraudulent use of calling cards. This issue is clearly addressed in the LIDB Access Service tariff. The NTCs' liability for damages associated with LIDB Access Service, including, but not limited to, claims associated with the accuracy of the billing validation data, is set forth in Section 2.1.3(A) of the NTCs' Tariff FCC No. 1.[8]

> The Telephone Company's liability, if any, for its willful misconduct shall not be limited by this tariff. With respect to any other claim or suit, by a customer or by any others, for damages associated with the installation, provision, preemption, termination, maintenance, repair or restoration of service, and subject to the provisions of (B) through (H) following, the Telephone Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected. This liability for damages shall be in addition to any amounts that may otherwise be due the customer under this tariff as a Credit Allowance for a Service Interruption.

Thus, in the absence of willful misconduct, the NTCs' liability to their LIDB Access Service customers, in the event incorrect

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8 Section 21.1.2 of the LIDB Access Service tariff provides that "In the event of a claim or suit, by a customer or by any others for damages associated with LIDB Access Service, including but not limited to, any claims or suits for damages associated with the accuracy of the billing validation data accessed by the customer from LIDB, the Telephone Company's liability, if any, shall be as set forth in Section 2.1.3 preceding."

validation data is provided, is limited to an amount equal to the charge to the customer for processing the validation query. The limitation of liability provision makes it clear that the NTCs do not guarantee the accuracy of the validation data, nor do they warrant that LIDB validation will ensure the collection of a LIDB Access Service customer's revenues. LIDB Access Service is not a guarantee against calling card fraud. Rather, it is simply information which the LIDB Access Service customer may or may not use in its decision to accept or refuse certain traffic. The final decision to accept or refuse calls for completion must be made by the LIDB Access Service customer, based on its own business judgment.[9]

The limitation of liability contained in the LIDB Access Service tariff is both reasonable and appropriate. Tariff provisions which limit the liability of providers of telephone service for errors or interruptions in service have existed since the inception of regulation. Liability limitations apply to all telephone services, whether business or residence, toll or exchange. The objectives of such tariff provisions are to regulate and limit the NTCs' liabilities arising out of mistakes, omissions or errors in transmission, facilities or service furnished by the NTCs. Through application of the limitation of liability provisions, the NTCs protect themselves, and ultimately their customers, from incidental and consequential damages such as lost revenues or

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9 Indeed, several ICs currently have the capability to block use of third party cards through use of their own thresholds and fraud investigations.

lost profits, which can be significant. These limitation of liability provisions, which are an inherent part of the overall ratemaking function, enable the NTCs to set rates at reasonable levels, while discouraging litigation which would ultimately impact service costs passed on to ratepayers.

The courts have long recognized the reasonableness and enforceability of liability limitations in connection with tariffed services. The United States Supreme Court affirmed the validity of limitation of liability clauses for public utilities in Western Union Tel. Co. v. Esteve Bros. & Co., 256 U.S. 566 (1921). At issue in that case was a tariff by a telegraph company limiting liability for mistakes in relation to the charge for the service. The Supreme Court upheld the principle that public policy warranted inclusion of limitation of liability provisions in tariffs, stating that "[t]he limitation of liability was an inherent part of that rate. The company could no more depart from it than it could depart from the amount charged for the service rendered."[10]

Similarly, limitation of liability provisions have been reviewed and approved in decisions of courts throughout the country. For example, in affirming the liability limitation provisions of NET's Massachusetts state tariff,[11]

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10 Western Union Tel. Co. v. Esteve Bros. & Co., 256 U.S. 566, 571 (1921).

11 The liability limitation contained in NET's Massachusetts state tariff is substantially similar to the limitation contained in the NTCs' Tariff F.C.C. No. 1. It provides, in pertinent part:

(Footnote Continued On Next Page)

the court recently noted that "courts have held that there are sound public policy reasons for shielding the telephone company from certain damage claims. Such limitation of liability enables the telephone company to set its rate at a reasonable level."[12] Another court, in reviewing NET's Massachusetts state tariff, noted that NET's "right to limit its liability at common law for rendering inadequate service" is an "integral part of the contractual relationship between the Company and its subscribers."[13]

One theory underlying some decisions upholding liability limitation provisions is that, in consideration of the strict regulation of a public utility's operation and curtailment of its rights and privileges, regulation of its liabilities is necessary to strike an equitable balance of

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11 (Footnote Continued From Previous Page)

> The liability of the Telephone Company for damages arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission, or failures or defects in facilities furnished by the Telephone Company occurring in the course of furnishing service or other facilities...shall in no event exceed an amount equivalent to the proportionate charge to the customer for the period of service during which such mistake, omission, interruption, delay, error or defect in transmission, or failure or defect in facilities, occurs. D.P.U.-Mass.-No. 10, General Regulations and Definitions, Exchange and Network Services, Part A, Section 1.2.1.G.

12 Lebowitz Jewelers Ltd., Inc. v. New England Tel. & Tel. Co., 24 Mass. App. Ct. 268, 273, further appellate review denied, 400 Mass. 1104 (1987).

13 City of Newton v. Department of Public Utilities, 367 Mass. 667, 678 (1975).

benefits and burdens.[14] Other courts have relied on the principle that the liability limitation is an essential part of the rates charged for a public utility's service.[15] In short, limitation of liability provisions relating liabilities to rates and charges for services rendered have historically been, and continue to be, in general use in the telephone industry in the United States, and the use of such limitations has been widely accepted by the courts.

The substance of the limitation rule contained in the NTCs' tariff is also common in commercial transactions, where liability is often limited to the price of the goods or services sold. Thus, in the absence of regulation, the NTCs and other providers of LIDB validation services would be able to contract directly with customers to protect themselves against unlimited liability in a manner similar to that provided in the NTCs' tariffs.

Finally, it is also important to note that the NTCs have a strong incentive to ensure that the validation data contained in LIDB is as accurate as possible. As a user of their LIDB, the NTCs face great financial risk if the LIDB data is inaccurate. The NTCs therefore take significant measures to maintain the accuracy of their LIDB data.

In sum, the NTCs' tariff contains a clear statement of the NTCs' limitation of liability in connection with their

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14 Garrison v. Pacific Northwest Bell, 45 Or. App. 523, 608 P. 2d 1206 (1980).

15 Landrum v. Florida Power & Light Co., 505 So. 2d 552, 554 (Fla. App. D3), review denied, 513 So.2d 1061 (Fla. 1987).

provision of LIDB Access Service. That limitation of liability is reasonable, and is consistent with liability limitations for other tariffed services as well as with liability limitations commonly employed in commercial transactions. Furthermore, without this limitation of liability, the NTCs would not be able to set their LIDB Access Service rates at current levels, but would instead be required to raise those rates to cover potential additional liabilities.

(b) Frequency, Nature and Priority of Data Base Updates

The Bureau has requested comment as to whether the LIDB Access Service tariff should contain information concerning the frequency, nature and priority of data base updates.

The LIDB Access Service tariff does not include information concerning the frequency, nature and priority of updates to LIDB. The NTCs will, however, amend the tariff to include a provision stating that (1) routine updates of their LIDB (for example, establishment of new accounts) will be conducted daily during normal business hours; and (2) their LIDB will be updated twenty four hours per day, seven days per week to reflect restrictions on NTC calling card use arising from suspected fraudulent activity. These terms are consistent with the procedures for updating LIDB currently employed by the NTCs.

While the NTCs have instituted additional procedures for maintaining the accuracy of their LIDB validation data, the NTCs do not believe it is necessary or appropriate to include

additional information concerning these procedures in the LIDB Access Service tariff.[16] The NTCs' data base update and fraud control procedures will necessarily change from time to time based on the NTCs' experience with LIDB Access Service, and in response to improved technology. There would be no benefit to LIDB Access Service customers, while it would clearly be burdensome to the NTCs, to require a tariff revision whenever the NTCs desire to revise their internal procedures concerning updates to the LIDB data base. Furthermore, as noted above, it is clearly in the NTCs' interest, as a user of their LIDB, to have a procedure for updating LIDB as often as possible, and otherwise ensuring the accuracy of the validation data. Requiring a detailed description of these procedures in the LIDB Access Service tariff is simply unnecessary.

(c) Additional Technical Issues

Finally, the Bureau has requested comment as to whether certain additional technical issues should be addressed in the LIDB Access Service tariff. The first issue is whether the tariff should address the procedures to be followed during periods of system congestion. The NTCs believe it is appropriate to address such procedures in the tariff, and have

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16 For example, the NTCs have also implemented detailed procedures to detect calling card misuse. Thresholds (number of times the calling card is used within a specified time period) for business, residence and restricted cards have been established to help detect and control fraud. The threshold levels are used in a non-discriminatory manner for all LIDB Access Service customers, including the NTCs.

done so in the LIDB Access Service tariff. During periods of system congestion, which will occur only rarely, all LIDB Access Service customers, as well as the NTCs, will be treated in a nondiscriminatory manner through use of a process known as call gapping, as described in the LIDB Access Service tariff.

> The Telephone Company will implement network management controls such as automatic code gapping which will instruct the query originator (i.e. LIDB customer) to reduce the number of queries sent to an overloaded LIDB.[17]

Each response returned to the switch contains an automatic call gapping component which, in effect, tells the switch how long it should wait before sending another query to the LIDB, and how long it should continue to perform gapping. For example, during periods of system congestion, the LIDB will request that originating switches send a query for every third call rather than for every call, without regard to the identity of the customer launching the query.

The Bureau has also requested comment as to whether "to the extent that carriers reference technical publications, the dates of the latest revisions to any referenced technical publication should be reflected in the tariff."[18] The NTCs believe it is appropriate to include the dates of the latest revisions of publications referenced in their tariffs, and have done so in the LIDB Access Service tariff. The NTCs reference

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17 Tariff F.C.C. No. 1, Section 21.4.2.

18 Designation Order, ¶ 2(I).

only one technical publication, TR-TSV-00054 issued by Bell Communications Research Corporation ("Bellcore"), in their LIDB Access Service tariff. As with all other technical publications which are referenced in the NTCs' interstate access tariff, the Bellcore technical publication referenced in the LIDB Access Service tariff includes the date of the latest revision to the publication.[19]

Finally, the Bureau requests comment concerning whether "additional technical parameters for processing data base queries" should be referenced in the tariff. The NTCs do not believe there is a need to reference any additional technical parameters in the tariff. Technical parameters for LIDB Access Service are adequately addressed in the tariff, and in the technical publication referenced in the tariff.

III. ADDITIONAL TECHNICAL PARAMETERS FOR THE CCS INTERCONNECTION LINK

In order to access LIDB, customers must purchase a Common Channel Signaling ("CCS") interconnection link, also known as a "Signal Transfer Point ('STP') Link." In the Designation Order, the Bureau states that:

> The tariff descriptions of the CCS interconnection service contain cross references to technical publications and state that the CCS interconnection link is technologically equivalent to a 56 kbps special access line. In their Special Access tariffs, carriers specify a number of technical parameters for a 56 kbps line. Parties should address whether tariffs for CCS interconnection links should include a

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19 See Tariff F.C.C. No. 1, Index, p. 57.

> similar level of detail regarding technical parameters.[20]

In the NTCs' CCSA tariff, the technical description of the STP Links required for CCSA interconnection consists of a reference to the Bellcore technical publication containing the interface specifications.

> Each CCSA STP Link provides for a two-way digital transmission at a speed of 56 kbps. The connection to the Telephone Company STP can be made from either the customer's Signaling Point (SP) which requires two 56 kbps circuits or from the customer's STP which requires four 56 kbps circuits. The design requirements for CCSA STP Links are described in Technical Publication TR-TSV-000905.[21]

The technical description for the CCSA STP Links, by reference to a technical publication, is comparable to the technical description of 56 kbps Special Access lines found elsewhere in the NTCs' tariffs. For example, the technical specifications for DIGIPATH Digital Service II ("DDSII") are contained in two technical publications which are referenced in the tariff for that service.[22]

The STP Links used for CCSA interconnection have technical requirements that exceed those of multiplexed 56 kbps

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20 Designation Order, ¶ 2 (II).

21 Tariff F.C.C. No. 1, Section 6.1.3(A)(2)(e).

22 See Tariff F.C.C. No. 1, Section 7.2.11(B).

data circuits.[23] All of these requirements, however, are found in the TR-TSV-000905 interface specification, and incorporation of this technical publication by reference in the CCSA tariff provides a sufficient description of the technical parameters for the STP Links.

IV. THE RATE LEVELS FOR LIDB ACCESS SERVICE AND CCSA INTERCONNECTION ARE NOT EXCESSIVE

The Bureau directed the NTCs to provide responses to a series of questions concerning rate issues in connection to the LIDB Access Service tariff and CCSA interconnection. Following are the NTCs' responses to each of the questions raised by the Commission concerning the rate levels for these services.

(a) The Common Channel Signaling Cost Information System Model

The Bureau has directed any carrier which relied on a cost model, developed by Bellcore, known as Common Channel Signaling Cost Information System ("CCSCIS") to develop its rates to explain why use of such a model is appropriate for CCS service rate development.[24] The NTCs used CCSCIS to develop

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23 In addition to the technical requirements for multiplexed 56 kbps data circuits, the STP Links must be specifically timed, diversely routed and meet specific availability requirements. In addition, they have a unique application in network to network CCS signaling. All the necessary technical specifications are contained in TR-TSV-000905.

24 Designation Order, ¶ 2(III)(1).

the costs used in developing the rates for CCSA interconnection and LIDB Access Service.[25]

CCSCIS is appropriate for use in developing the costs associated with services which use CCS equipment, such as LIDB Access Service and CCSA interconnection. CCSCIS contains engineering models for all of the equipment used in a CCS network: Service Control Points ("SCPs"), STPs and CCS links. Each model identifies the equipment costs, which can be used with other information to determine costs of switched or network based services.

The CCS network is comprised of equipment hardware and Signaling System 7 ("SS7") link facilities which are utilized by both CCS circuit-based and database services. Some of the CCS network components are shared by a variety of CCS service offerings while other equipment components may be viewed as dedicated to a particular CCS service. CCSCIS provides the capability to evaluate the shared use of the CCS equipment and associated facilities in order to determine the total cost of providing a CCS service.

CCSCIS currently contains seven separate equipment models: three STP models, three SCP models and an SS7 Link

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25 While the NTCs used the CCSCIS model to develop certain costs in connection with LIDB Access Service, the rates for that service are not cost based. As the NTCs have noted, the NTCs considered factors such as the pricing of LIDB Access Service in relation to other commercial services, such as rates for commercial credit card validation, in addition to direct costs, in determining their rates. See Description and Justification, dated December 11, 1991, page 1-6; Opposition to Petitions to Reject or Suspend, dated December 12, 1991, page 11.

model. CCSCIS also contains an aggregation model, which combines the outputs of each of the separate equipment models to determine combinations of unit investments and costs necessary to calculate service costs. New models are constructed as new types of CCS equipment are installed. Additionally, equipment prices are regularly updated, and models are revised to include additional functions and engineering changes as warranted.

The CCSCIS cost model examines each of the CCS network equipment components and SS7 link facilities to determine how the component is used, as well as the degree of its use in providing each CCS service. The model analyzes the CCS network architecture and forecasted service utilization in order to develop a basic common denominator of cost by equipment type. These basic cost elements consist of unit investments of individual components or functions of the equipment. In addition, as noted above, CCSCIS has an aggregation model which provides the capability to weight and combine the unit investment outputs from the STP, SCP, and Link Models in order to calculate the total cost for a CCS service.

In sum, CCS services are complex, and a detailed costing mechanism is required to develop CCS-based service costs. The CCSCIS model successfully 1) produces the individual costs of technology-specific network functions; and 2) assigns the costs of shared CCS equipment to individual services. As such, CCSCIS is an appropriate model for calculating the costs for CCS-based services.

(b) Total Investment Underlying LIDB Access Service and CCSA Interconnection Rate Elements

The Bureau has directed that:

> All filing carriers should provide total investment underlying each of the four rate elements and identify the accounts established by Part 32 of the Commission's Rules, 47 C.F.R. Part 32, in which these investments are recorded.[26]

The total investments and the Part 32 Accounts in which the investments for the rate elements for LIDB Access Service (Transport Charge and LIDB Validation), and the STP Port rate element for CCSA interconnection are recorded, are set forth in Attachment A to the Direct Case. Since the STP Link is equivalent to the 56 kbps DDS II service offered in the NTCs' Special Access tariff, the rates for the STP Link in the CCSA interconnection filing were taken directly from the existing effective rates for 56 kbps DDS II service. Thus, no investment or carrying charge factors were developed for the CCSA filing for this rate element, and no investment is displayed for this rate element in Attachment A.

All LIDB Access Service investments are recorded in New York Telephone accounts, since the LIDB is located in New York Telephone territory. With respect to CCSA, Attachment A shows the STP Port investments for the NTCs.

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26 Designation Order, ¶ 2(III)(3).

(c) Factors Applied to Investment

The Bureau also directed the NTCs to:

> ...identify and fully document all factors applied to the investment identified in response to the requests for information above to develop the rates, cross-referencing to Automated Reporting Management Information System (ARMIS) data where possible.[27]

The factor development workpapers, cross-referenced to ARMIS, for the investment identified in Section (b), above, are attached as Attachment B to the Direct Case. Documentation is provided for the factors associated with COE investment and Cable and Wire facilities. The workpapers provide all data used in the development of the cost factors and show how each cost factor was calculated.

Attachment B, Exhibit 1 includes the data used to derive the factors for the STP Port for CCSA interconnection for NET. Attachment B, Exhibit 2 includes the data used to derive the factors for the STP Port for CCSA interconnection for NYT. The NTCs' cost for the STP Port for CCSA was determined separately for NET and NYT by applying each company's carrying charge factors to the investment per port to establish a direct marginal cost. The costs of NYT and NET were then combined using 1991 projected demand (4 units, or 17% of the total demand for NET, and 20 units, or 83% of the total demand for NYT) to determine a unified cost.[28]

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27 Designation Order, ¶ 2(III)(4).

28 See Attachment B, Exhibit 6.

Attachment B, Exhibit 3 includes the data used to derive the factors for LIDB Access Service for NYT, while Attachment B, Exhibit 4 includes NET data for federal income tax factor development used in connection with the development of LIDB Access Service cost factors. Because, as noted above, the investment for LIDB Access Service is recorded in New York Telephone accounts, the carrying charge factors for Depreciation, Return on Investment, Maintenance, Administration, Other and Indirect Overhead are NYT factors. However, since the revenue for LIDB Access Service is to be divided between NYT and NET, the carrying charge factors for taxes for both NYT and NET were used, weighted two-thirds to NYT and one-third to NET, in accordance with the cost billing arrangements for NET's use of the NYT LIDB investment.[29]

In the process of producing these workpapers, an error was found in the data underlying development of some of the factors for NYT included in the LIDB Access Service and CCSA interconnection filings. Specifically, an error was found in three of the NYT Local Switching carrying charge factors - Taxes, Other and Overhead.[30] The same error was discovered in the Cable and Wire factor development.[31] The information

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29 The calculation of the tax factor applied is shown in Attachment B, Exhibit 5, page 3.

30 The NTCs advised the Commission of this error in their February 10, 1992 Submission of Additional Cost Support Information, filed in compliance with the Bureau's January 31, 1992 Memorandum Opinion and Order (DA 92-128).

31 LIDB Access Service also includes Cable and Wire investments.

provided in Attachment B reflects corrected factors and corrected calculations. Furthermore, Attachment B, Exhibit 5 contains corrected workpapers to show the effects of the corrected factors for LIDB Access Service, while Exhibit 6 is a corrected workpaper showing the effect of these corrections for CCSA interconnection.

Following is a comparison of the NYT factors originally used for LIDB Access Service and CCSA interconnection and the corrected NYT factors.[32]

LIDB ACCESS SERVICE
LOCAL SWITCHING FACTORS

	Old Factor	Corrected Factor
Taxes	.021655	.014941
Other	.062273	.049985
Overhead	.158838	.206048

LIDB ACCESS SERVICE
CABLE AND WIRE FACTORS

	Old Factor	Corrected Factor
Taxes	.024669	.017363
Other	.055424	.046573
Overhead	.187456	.213946

CCSA INTERCONNECTION
LOCAL SWITCHING FACTORS

	Old Factor	Corrected Factor
Taxes	.021655	.015315
Other	.062273	.049985
Overhead	.158838	.206048

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32 The original and corrected LIDB Access Service tax factors are weighted using the NYT and NET tax factors, as discussed above.

(d) The NTCs' CCSA Tariff Meets the Requirements for Restructured Services

Effective July 2, 1991, the NTCs offered CCSA as a non-chargeable option with Feature Group D service. However, in response to the Southwestern Bell Order, and based on conversations with Commission staff, the NTCs filed Transmittal No. 70 to restructure the CCSA service as a chargeable option. The Commission has requested that the NTCs demonstrate that their CCSA interconnection rates meet the requirements for restructured services contained in Part 61.49(f) of the Commission's Rules.[33]

As the Commission noted in its Second Report and Order:[34]

> Restructured services...involve the rearrangement of existing services. Carriers can restructure a service by changing an existing method of charging or provisioning, by changing a term or condition, by adding language, or by adding, consolidating or eliminating rate elements. When a service has been restructured, the previous version of that service no longer exists.

In Transmittal No. 70, the NTCs changed their method of provisioning CCSA, by restructuring CCSA from a non-chargeable to a chargeable option. Furthermore, the NTCs proposed new rate elements for the service. Finally, after the effective

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33 Designation Order, ¶ 2(III)(5).

34 In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, released October 4, 1990 ("Second Report and Order"), at para. 314.